

Subject Requirements for certain health care entity transactions

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Overview

This bill requires a hospital, or a health system or other entity that owns or controls a hospital, to provide notice to the commissioner of health before entering into a merger or other transaction, and authorizes the commissioner to approve, approve with conditions, or disapprove the transaction. This bill also requires a health system that includes the University of Minnesota Medical Center to return to the general fund any charitable assets the health system received from the state, if the health system sells or transfers control to an out-of-state nonprofit entity or to any for-profit entity.

Summary

Section	Description
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1	Notice, review, and approval; certain health care entity transactions.
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Adds § 144.557. Requires a hospital, or a health system or other entity that owns or controls a hospital, to provide notice to the commissioner of health before entering into a merger or other transaction. Requires the commissioner to review and approve the transaction, or approve the transaction with conditions, before the transaction may proceed.

Subd. 1. Definitions. Defines terms for this section: affected hospital, commissioner, health care entity, hospital, transaction. Health care entity is defined as a hospital or a health system that owns or controls a hospital.

Subd. 2. Notice, review, and approval required. Prohibits a health care entity from entering into a transaction unless the health care entity provides notice of the transaction to the commissioner of health; the commissioner, in consultation with the attorney general, conducts a review of the proposed transaction; and the commissioner approves the proposed transaction or approves it with conditions.

Section **Description**

Subd. 3. Notice. Requires a health care entity seeking to enter into a transaction to provide notice to the commissioner, in a form and manner specified by the commissioner, at least 180 days before the date of the proposed transaction.

Subd. 4. Review. Upon receiving notice under subdivision 3, requires the commissioner, in consultation with the attorney general, to conduct a review of the proposed transaction. Lists information the commissioner must consider in conducting the review, and allows the commissioner to hold public hearings and to accept public comments.

Subd. 5. Contracts. Allows the commissioner to contract for professional or technical services to conduct a review.

Subd. 6. Determination. Following a review, requires the commissioner to approve, approve with conditions, or disapprove the proposed transaction. Lists criteria that must be satisfied for the commissioner to approve the proposed transaction or approve it with conditions. Requires the commissioner to notify the parties in writing of the commissioner's determination. Prohibits a disapproved transaction from proceeding.

Subd. 7. Challenge to disapproval or conditional approval. If a transaction is disapproved or approved with conditions, allows a party to bring an action in district court to challenge the determination. To prevail in a challenge, requires the party bringing the challenge to establish that the commissioner's determination was arbitrary and capricious and unnecessary to protect the public good.

Subd. 8. Exception. Allows the commissioner to waive the review and approval requirements in this section if the commissioner finds the proposed transaction is urgently needed to preserve access to health care and protect the interests of patients and the public. Requires a health care entity seeking a waiver to apply for a waiver as specified by the commissioner, and requires the commissioner to notify all parties of a decision on the waiver within 30 days.

Subd. 9. Transaction fee. Requires a health care entity that is a party to a proposed transaction reviewed under this section, to pay a transaction fee to reimburse the commissioner for the commissioner's costs of conducting a review and making a determination or decision on a waiver. Appropriates transaction fees paid to the commissioner to administer this section.

Subd. 10. Enforcement. Allows the commissioner to bring an action in district court to enjoin or unwind a transaction entered into in violation of this section.

This section is effective the day following final enactment.

Section	Description
2	<p>Nonprofit health care entities; notice, review, and approval.</p> <p>Adds subd. 1a to § 317A.811. Amends a section requiring notice to and review by the attorney general of mergers and other transactions involving a corporation that holds charitable assets or is a 501(c)(3) corporation, to require a health care entity that is a nonprofit corporation to also comply with the notice, review, and approval requirements in section 144.557.</p> <p>This section is effective the day following final enactment.</p>
3	<p>Return of charitable assets.</p> <p>If a health system organized as a charitable organization, and that includes the University of Minnesota Medical Center, sells or transfers control to an out-of-state nonprofit or to any for-profit entity, requires the health system to return to the general fund any charitable assets the health system received from the state.</p>



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